

JOURNAL

October 2000

A MONTHLY PUBLICATION OF THE BONNEVILLE POWER ADMINISTRATION



Mt. St. Helens, Washington

photo by R. T. Balla

Amended 7(i) power rate case begins in mid-October

On Aug. 31, BPA announced its intention to initiate a limited modification of the proposed power rates currently before the Federal Energy Regulatory Commission. This action is necessary to ensure the probability of BPA making its annual payment to the U.S. Treasury is at acceptable levels throughout the fiscal year 2002-2006 rate period. During September, BPA met with rate case parties and others to attempt to reach an agreement on needed modifications to the existing proposal. Those discussions did not result in an agreement, and BPA is now proceeding to develop a proposal focusing on revising the Cost Recovery Adjustment Clause (CRAC). An amended 7(i) rate case process will begin in mid-October.

Adjustment proposed to UAI charge


In September, BPA proposed an adjustment to the Unauthorized Increase (UAI) charge as implemented in the 1996 Wholesale Power Rate Schedules. The UAI is a charge imposed on a power purchaser who takes demand and energy in excess of its contractual entitlement. The purpose of the proposed adjustment is to correct the level of the UAI to reflect the

development of a robust wholesale power market and its associated price volatility. Further detail on this proposed adjustment will be published in a Federal Register Notice and on BPA's Web site at www.bpa.gov/power/rates. On final approval by the Federal Energy Regulatory Commission, the adjustment to the 1996 UAI charge will be effective in early 2001 through Sept. 30, 2001. This rate proceeding is separate and distinct from the suspension of consideration of BPA's 2002-2006 final power rate proposal by FERC.

RTO filing goes to FERC on Oct. 16

The filing utilities for RTO West will file with the Federal Energy Regulatory Commission on Oct. 16. The filing will include a proposal for some key issues, such as governance, and an informational update on other key issues that remain to be resolved, such as the tariff. The filing will also include a timeline for subsequent filings and potential implementation. According to Peggy Olds, BPA's RTO project manager, not all issues will be resolved before RTO West files with FERC, but that's not a problem as long as the region agrees to an overarching design for the RTO and describes an aggressive plan for resolving those issues. At press time, outstanding issues included tariff development, key issues in pricing,





planning, facilities inclusion and congestion management. A report addressing the overall potential benefits and costs of RTO West is expected to be completed by the filing date. The filing utilities are AVISTA, BPA, Idaho Power Co., Montana Power Co., PacifiCorp, Puget Sound Energy, Portland General Electric, Nevada Power Co. and Sierra Pacific. Visit the RTO West Web site at www.rtowest.org for more information.

DC intertie upgrade proposed

BPA is asking for public comment through Nov. 15 on a proposal to maintain the direct-current intertie at its 3,100-megawatt rating for the next 30 years. The proposal comes from two partners of the intertie, Southern California Edison and the Los Angeles Department of Water and Power. Because of damage caused by earthquake and fire, they need to replace part of the Sylmar Converter Station at the southern end of the intertie. They have asked BPA to commit to maintaining the DC intertie capacity at its current 3,100 megawatt rating for the next 30 years and to complete the necessary improvements at the Celilo Converter Station located near The Dalles, Ore., within the next 15 years.

BPA will conduct a public workshop on Oct. 17 to examine and discuss two reports related to this request. The first is an economic study that looks at how much capacity might be used through 2019. The second study takes a broader look at benefits and costs from three perspectives: BPA customers, Northwest customers and California customers. BPA will conduct a regional public comment meeting in Portland on Nov. 7 on the DC intertie proposal. For more information, see Calendar of Events on the back page. A Keeping Current on the DC intertie will be mailed out before the workshop.

BPA signs Goldendale MOU


On Sept. 25, BPA signed a general Memorandum of Understanding with Goldendale Aluminum Co. and Goldendale Energy Inc. to work toward agreement on specific terms of a three-party power sales agreement. In March 2000, Brett Wilcox, president of Goldendale Aluminum Co., approached BPA for assistance in developing the Goldendale Energy Project. The proposed project would be a 248-megawatt combined cycle combustion gas turbine generating plant. It would

be located in Goldendale, Wash., and would be designed, built and operated by Goldendale Energy Inc. Output from the plant would be moved to the Goldendale Aluminum plant via new transmission facilities of Klickitat County PUD. If final agreement can be reached, this project could add needed new generation to the region sooner and at lower cost than any other project now in planning, as well as help preserve aluminum industry jobs in the region as less BPA power is being sold to direct service industries. Customer development of new generating resources would ease demand on BPA's power inventory. Should any agreement create a contingent obligation on BPA to purchase over 50 megawatts for more than five years, the agreement would be subject to a section 6(c) review prior to execution of a binding agreement. The section 6(c) review would be to determine whether the arrangement would be consistent with the Northwest Power Planning Council's energy plan. A section 6(c) review is a public process outlined in the 1980 Pacific Northwest Electric Power Planning and Conservation Act (Northwest Power Act).

TBL takes hiatus on 10-minute market

BPA's Transmission Business Line (TBL) has stopped accepting the California Independent System Operator's 10-minute within-hour market sales. The real-time market allows sales of special energy and reliability products with a 10-minute price. In some cases, the energy could actually be transmitted for as little as two to three minutes within an operating hour. Normally, all transmission reservations are confirmed about 15 minutes before each hour begins. The California ISO launched the new real-time market on Sept. 1, despite long-expressed concerns from BPA and other utilities who feared the system didn't have the needed automation.

After 18 days of operating to facilitate the 10-minute market, BPA's TBL concluded that the transmission system was not being operated reliably due to the constantly changing real-time environment. Reliability comes first. On Sept. 20, BPA stopped accepting 10-minute market activity across the BPA transmission system and control area, when the services were requested for economic rather than emergency purposes. TBL continues to respond to emergency requests within the hour, and still routinely takes



reservations for hour-ahead transmission. TBL is talking with customers and the California ISO about how to participate in the 10-minute market without jeopardizing transmission grid reliability. Visit the TBL Web site at <http://www.transmission.bpa.gov/OASIS/BPAT> for more information.

BPA recalls California contracts

With the Northwest facing power shortages as early as this winter, BPA is giving notice to its California customers that long-term contracts for surplus and excess federal power sales will not be renewed. Where contracts have recall or conversion rights, BPA is exercising those rights. BPA sold several hundred megawatts of power to California when the Northwest had surplus and excess power.

By law, BPA is directed to sell outside the Northwest only power that is surplus to the region's needs. Buyers have different rights under each contract. Where contract terms allow, BPA can convert energy sales into capacity exchanges or give notice of termination. In contracts that contain no recall or conversion provisions, BPA is notifying California buyers that contracts will not be renewed.

Customers sign up for demand exchange program

Four BPA customers, ranging from a small city to a large aluminum plant, have signed up to participate in BPA's Demand Exchange Program. Under the program, customers agree to voluntary load curtailment to help keep the system up during power emergencies. It is one of BPA's tools for dealing with potential system reliability problems this winter and in the future. The program was launched about a month ago. Daishowa America, Kaiser Aluminum and Chemical, the city of Milton-Freewater and Port Townsend Paper have signed on. Cumulatively, they have agreed to provide up to 125 megawatts of load curtailment for four to six hours at a stretch, with a significantly greater potential for single-hour curtailments. BPA hopes to sign 300 megawatts of potential single-hour load curtailment by the end of this year and 800 megawatts of four-to-six-hour potential load curtailment in the next three years.

JOE becomes law

President Clinton, on Sept. 22, signed the joint operating entity (JOE) legislation into law, which allows current public preference utility customers of BPA to pool their power purchases in one entity. This law requires BPA to sell firm requirements power to a valid joint operating entity, an entity that acts as a purchasing agent for BPA's public body and cooperative customers. A number of BPA's cooperative customers have sought to be able to jointly purchase power from BPA for a number of years. The law allows a JOE to execute a power purchase contract with BPA on behalf of its members that are BPA public preference customers. The bill does not increase or decrease the rights of BPA's public preference customers to purchase power from BPA, except that the JOE will execute the contract on their behalf.

Team provides federal project support in the West

BPA's Federal Project Support Team serves as a catalyst and facilitator — working with federal agencies, private sector service providers, and utilities — to overcome barriers to implementing federal energy efficiency and renewable energy projects. BPA's team provides expertise gained from 20 years of energy efficiency experience in the areas of contracting, procurement, project oversight and third-party financing. BPA extends the capabilities of federal agencies by providing staff support, on a cost reimbursable basis, to other federal agencies that do not have sufficient skilled staff to meet Federal Energy Management Program objectives, President Clinton's Executive Order for "Greening of the Government," and other mandated energy efficiency improvements. Each dollar of BPA federal project support staff time spent on behalf of another agency has produced over \$20 of work for private sector businesses on previously installed projects.

Since 1995, the team has responded to federal agency requests to provide energy efficiency in the western United States. Projects have been by referral; BPA does not market its services. BPA's Federal Project Support Team will receive a 2000 Departmental Energy Efficiency Award on Oct. 11 in Washington, D.C., from the Department of Energy. The national award is for outstanding achievements in energy and water management.

PUBLIC INVOLVEMENT

STATUS REPORTS

Big Eddy-Ostrander Vegetation Management. Ore. — To control vegetation on two segments of the 500-kV transmission line right-of-way. One segment is from Lolo Pass to near Parkdale. The other segment is east of Parkdale. An EA is being prepared. Call to be added to the mail list.

Coeur d'Alene Tribe (CDA) Trout Production Facility Project. Idaho — To fund the design, construction, operations and maintenance of the facility to help meet the need for off-site mitigation for losses on the mainstem Columbia River. A final EA is being prepared. Call to be added to the mail list.

Condon Wind Project. Ore. — To acquire about 24.5 megawatts of electricity from the proposed Condon Wind Project. An EIS is being prepared on the wind project and its associated transmission. Call to be added to the mail list.

Fish and Wildlife Implementation Plan. Regionwide — To examine the impacts that may arise from implementing one of the fish and wildlife policy directions being considered in the ongoing regional processes. An EIS is being prepared. Call to be added to the mail list.

Fourmile Hill Geothermal Development Project (Calpine). No. Calif. — A geothermal power plant and new transmission line have been proposed on U.S. Forest Service land in the Klamath and Modoc forests. BLM has the lead. BPA is a cooperating agency. A final EIS and summary are available. Call to receive a copy.

IDFG Snake River Chinook Captive Rearing. Idaho — To fund Idaho Department of Fish and Game's captive rearing project for Endangered Species Act-listed Snake River spring/summer chinook salmon. The EA is being finalized. A FONSI is anticipated. Call to be added to the mail list.

Johnson Creek Artificial Propagation Enhancement. Idaho — Development of a native chinook salmon broodstock for rearing of acclimated smolts to preserve and recover the population. An EA is being prepared. Call to be added to the mail list.

Kangley-Echo Lake Transmission Line Project. Wash. — To build a 500-kV transmission line in central King County that would connect an existing transmission line near the community of Kangley into the Echo Lake Substation. An EIS is being prepared. Call to be added to the mail list.

Northwest Regional Power Facility. Wash. — To construct a combustion turbine near Creston. The final EIS (#2887) and a supplement analysis are available. Call to receive a copy.

Shelton-Kitsap Transmission Rebuild. Wash. — To rebuild a 31-mile 115-kV transmission line between Shelton and Kitsap

substations as a double circuit 230-kV line within the existing right-of-way. A Preliminary EA (#3329) is available. Call to receive a copy. See Close of Comment.

Stateline Wind Project. Wash. and Ore. — To acquire up to 300 megawatts of electricity from the proposed Stateline Wind Project. An EIS is being prepared on the wind project and its associated transmission. Call to be added to the mail list.

NEW! White Sturgeon Mitigation and Restoration in the Columbia and Snake Rivers Upstream From Bonneville Dam. Ore., Wash. and Idaho. — To restore and mitigate for documented lost white sturgeon productivity caused by development and operation of the hydropower system using intensive fisheries management and modified hydrosystem operation. Assess lost productivity in unstudied areas. A preliminary EA is being prepared. Call to be added to the mail list.

CALENDAR OF EVENTS

DC Intertie Capacity public workshop, **Oct. 17**, 8 a.m. to noon, BPA headquarters building, Room 122, 905 NE 11th Ave., Portland, Ore.

DC Intertie Capacity public meeting, **Nov. 7**, 8 a.m. to noon, Embassy Suites Portland Airport, 7900 NE 82nd Ave., Portland, Ore.

CLOSE OF COMMENT

Shelton-Kitsap Transmission Rebuild, preliminary EA, **Oct. 6**

DC Intertie Capacity, **Nov. 15**

SUPPLEMENT ANALYSES

Wildlife Mitigation Program EIS:

SA-11, Shoshone-Bannock Mitigation Acquisition (Rudeen Ranch Property)

SA-12, Big Island McKenzie River Wildlife Project

Transmission System Vegetation Management Program EIS:

SA-01, Vegetation Management on Taft-Bell Transmission Line

EA: Environmental Assessment, EIS: Environmental Impact Statement, FONSI: Finding of No Significant Impact, ROD: Record of Decision

FOR MORE INFORMATION OR TO GET INVOLVED: The Journal is a monthly newsletter of the Bonneville Power Administration for customers and interested publics. To order documents or to be added to a mail list, call: 800-622-4520 or (503) 230-7334 (Portland). For questions/comments call: (503) 230-3478 (Portland) or 800-622-4519. Written comments may be sent to: BPA, P.O. Box 12999, Portland, OR 97212. Public Involvement, Internet, E-mail address comment@BPA.gov, BPA home page: <http://www.bpa.gov>

